



CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 12/06/05

AGENDA ITEM 5

WORK SESSION ITEM

TO: Mayor and City Council

FROM: Director of Community and Economic Development

SUBJECT: Appropriation and Loan of \$200,000 in HOME Funds for Cypress Glen Apartments

RECOMMENDATION:

It is recommended that the City Council adopt the attached resolution appropriating HOME funds for Eden Housing, Inc. (Eden) to exercise its option to purchase Cypress Glen Apartments from its limited partner and authorizing the City Manager to execute necessary documents.

DISCUSSION:

Cypress Glen is a 54-unit rental housing complex that primarily serves very low and low income families, located at 25100 Cypress Avenue in Hayward. It was developed by Eden Housing in the 1980's with a variety of local, state and federal resources and private capital. Cypress Glen's units include:

- Twelve, one bedroom units;
- Twenty-nine, two bedroom/two bath units; and
- Eighteen, three bedroom/two bath units.


The variety of funding sources and associated regulations has lead to a patchwork of affordability requirements at various income levels. In addition, as the property approaches 20 years of use, major rehabilitation is needed. The syndication of the current private investment is tied to Low Income Housing Tax Credits and the tax credit compliance period has ended. The partnership agreement obligates Eden to purchase the limited partner's interest by December 31, 2005. The option cost is \$400,000 plus assumption of the existing debt. An additional \$50,000 in soft costs for legal, consulting and architectural services is needed to prepare for the Cypress Glen acquisition and rehabilitation. Exercising this option will open the opportunity for a bond issuance in the coming year to allow Eden to restructure the debt, renovate the property, deepen the income levels served, and extend the remaining affordability term scheduled to end in 2017, to 2051.

On November 1, 2005, the Cowell Foundation awarded \$250,000 to Eden toward the exercise of its purchase option. The City proposes to provide the remaining \$150,000 plus \$50,000 in projected soft costs to complete the transaction by the end of the calendar year. Staff is recommending a loan from federal HOME Investment Partnership monies that the City obtains through its membership in the Alameda County HOME Consortium. The HOME Program is

primarily designed to assist local governments to work with nonprofit housing development organizations to construct new affordable housing and/or to acquire and rehabilitate housing developments to ensure long-term affordability. The City currently has sufficient HOME grant and program income funds available to finance this loan. Because these funds originate from HUD and reside in the Consortium's Line of Credit, the City does not actually receive the funds until it identifies an affordable housing project and appropriates the funds. In order to ensure that the rents will be as low as possible, the loan to Eden will be fully deferred with a three percent interest rate. The loan term will be for 55 years which is the standard term of the HOME Regulatory Agreement.


Staff recommends that Council adopt the attached resolution authorizing the expenditure of HOME funds for this project and authorize the City Manager to execute necessary documents so that Eden Housing can exercise its purchase option by December 31, 2005.

Prepared by:




Gail Patton
Neighborhood and Economic Development Manager

Recommended by:



Sylvia Ehrenthal
Director of Community and Economic Development

Approved by:



Jesús Armas, City Manager

Resolution

DRAFT

HAYWARD CITY COUNCIL

RESOLUTION NO. 05-

Introduced by Council Member _____

me
11/21/05

RESOLUTION AMENDING RESOLUTION 05-078, AS AMENDED, THE BUDGET RESOLUTION FOR FISCAL YEAR 2005-06, RELATING TO THE APPROPRIATION AND EXPENDITURE OF FUNDS TO EDEN HOUSING, INCORPORATED AND AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE THE NECESSARY DOCUMENTS TO COMPLETE THE LOAN TO EDEN HOUSING, INCORPORATED

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hayward that Resolution No. 05-078, as amended, the Budget Resolution for fiscal year 2005-06, is hereby amended by approving the appropriation and expenditure of \$200,000 of HOME funds to Eden Housing, Incorporated to acquire the option to purchase and preserve 54 units of affordable housing at the Cypress Glen rental housing unit complex.

BE IT FURTHER RESOLVED by the City Council of the City of Hayward that the City Manager is hereby authorized and directed to negotiate and execute any such documents necessary to complete the transaction with Eden Housing, Incorporated.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2005

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward